

EIMSKIP: RESULTS FOR THE SECOND QUARTER 2020

Highlights of Q2 2020 results

- Revenues amounted to EUR 160.6 million, a decrease of EUR 6.9 million or 4.1% when compared with the same quarter in 2019.
 - Revenues mainly affected by a 5.3% lower volume in liner services and EUR 4.0 million lower contribution of services in Iceland because of weakening of the ISK.
 - Forwarding volume was down by 5.3% however, revenues increased by 3.5% mainly due to higher share of reefer cargo.
- Total expenses amounted to EUR 144.6 million, a decrease of EUR 7.1 million, compared with the same quarter in 2019, mainly driven by realization of streamlining measures.
 - Reduction in salary expenses by EUR 4.0 million or 11.9% whereof EUR 2.0 million related to devaluation of ISK. EUR 1.0 million redundancy cost included in salaries.
 - Savings in sailing system expenses, administrative expenses and lower fuel prices contributed to the decrease in expenses.
- EBITDA adjusted for EUR 1.0 million redundancy cost in the quarter amounted to EUR 17.0 million in the second quarter of 2020 compared to EUR 15.8 million in the same quarter last year, an increase of 7.6%.
- Net earnings for the period amounted to EUR 2.5 million, compared to EUR 2.8 million for the for the same quarter of 2019.
- Net cash from operating activities increased by EUR 2.1 million and amounted to EUR 22.0 million compared to EUR 19.9 million for the same quarter 2019.
 - Cash balance is good and installments amounting to EUR 14 million were made to a revolving credit facility in the quarter.
 - Additional EUR 10 million revolving credit facility secured to strengthen access to liquidity.
- Negative effect of COVID-19 on cruise agency and ferry operation in Iceland.
- Eimskip took delivery of the new container vessel Dettifoss and the co-operation with Royal Arctic Line formally commenced.

Highlights of 6M 2020 results

- Revenues amounted to EUR 322.3 million, a decrease of EUR 9.2 million or 2.8% when compared with the same quarter in 2019.
- Total expenses amounted to EUR 296,9 million, a decrease of EUR 5.5 million. Salary expenses decreased by EUR 7.0 million or 10.5% whereof approx. EUR 3 million is related to devaluation of ISK. Redundancy cost amounting to EUR 1 million included in salaries.
- EBITDA amounted to EUR 25.3 million compared to 29.1 million in the same period last year, a decrease of 12.8%.
- Net loss amounted to EUR 2.5 million, compared to net earnings 0.3 million in the same period of 2019.
- Total CAPEX for the period amounted to EUR 26.1 million compared to EUR 21.7 million in 6M 2019.
 - Investment in new vessels amounting to EUR 18.4 million.
 - Third of planned maintenance CAPEX for the year has been put on hold due to COVID-19 uncertainty.
- Net cash from operating activities amounted to EUR 23.2 million compared to EUR 33.0 million in the same period of 2019.
- Total equity amounted to EUR 222.4 million at the end of the period, an equity ratio of 41.1% compared to 44.0% at year-end 2019.
- Leverage ratio was 3.54 in the second quarter 2020, compared to 3.03 at the end of 2019 which is above the long-term target leverage ratio of 2-3x net debt to EBITDA.
- Significant effort has been put into securing the safety & health of employees, maintaining the logistic chain and customer service due to effects of COVID-19.

VILHELM MÁR THORSTEINSSON, CEO

“I am quite pleased with the second quarter results which is above management expectation at the beginning of the quarter especially given the situation regarding COVID-19 pandemic. Improved profitability can e.g. be seen in the adjusted EBITDA which increased by 7,6% between years. I am very proud and thankful for the relentless effort of our dedicated employees during this challenging period. Their contribution was the key to secure customer service and maintain an unbroken logistic chain.

We are really seeing operational improvements from our streamlining efforts in the last 6-12 months where we have e.g. reduced number of FTE's by 10% from year-end 2019, adjusted our container and reefer sailing systems and integrated offices. This has been an important

factor in offsetting a negative development in cargo volume and impact of COVID-19 and we are determined to make these improvements sustainable going forward.

We had a good performance in our International operation during the quarter, especially in the reefer forwarding services which is a focus area of our forwarding business and contributes higher margins than dry forwarding. Our Domestic operations also performed well during the quarter with a favorable volume mix in trucking and leveraging on a disciplined operation. However, profitability in our container liner system needs to improve and will continue to be a special focus area in coming months. In addition, I would like to mention that while COVID-19 affects tourism in Iceland it will negatively affect our cruise agency and ferry operation in Iceland.

It was a great milestone for Eimskip when Dettifoss, our new container vessel, came into service in July and we formally started the co-operation with Royal Arctic Line under the Vessel Sharing Agreement, a first for Eimskip. I would especially like to thank the crew of Dettifoss and employees within Eimskip's operations for travelling to China under challenging circumstances due to COVID-19 and to secure a safe delivery of our new vessel. Greenland is now gaining access to international markets via Eimskip's Trans-Atlantic sailing system. We see an increasing interest from Icelandic companies to export goods to Greenland and expect trade between the two countries to increase. We expect delivery of Brúarfoss, our second new build, in early Q4 and formally into scheduled service later that quarter.

In June we consolidated our headquarters under one roof creating a modern and more dynamic activity-based work environment. At the same time we decreased office space by 50% or 3200m². This has been well received by our employees and I am happy to see the positive impact it has on our company culture already."

ONLINE INVESTOR MEETING 28 AUGUST 2020

The Board of Directors of Eimskipafélag Íslands hf. approved the company's Interim Consolidated Financial Statements for the second quarter of 2020 at its meeting on 27 August 2020. Investors and market participants are invited to a meeting on Friday 28 August 2020 at 8:30 a.m. The meeting will only be webcasted live in Icelandic at www.eimskip.com/investors. Vilhelm Már Thorsteinnsson, CEO will present the company's financial results for the second quarter of 2020. Investor presentation and a recording of the meeting (in Icelandic) will be available on the company's investor relations website, www.eimskip.com/investors.

FURTHER INFORMATION

- Egill Örn Petersen, CFO, tel.: +354 525 7202
- Edda Rut Björnsdóttir, Executive Vice President of Human Resources & Communication, tel.: +354 825 3399, email: investors@eimskip.com

FORWARD-LOOKING STATEMENTS

Statements contained in this financial press release that refer to the company's estimated or anticipated future results or future activities are forward-looking statements which reflect the company's current analysis of existing trends, information and plans. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially depending on factors such as the availability of resources, the timing and effect of regulatory actions and other factors. Eimskip undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.